

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

In re:

ATA AIRLINES INC.,

Debtor.

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Case No. 08-03675-BHL-11

**STIPULATION AND CONSENT ORDER REGARDING
MOTION OF WILMINGTON TRUST COMPANY FOR RELIEF FROM
THE AUTOMATIC STAY TO ALLOW SETOFF (DOCKET NO. 512)**

RECITALS

WHEREAS, on April 2, 2008 (the "Petition Date"), ATA Airlines, Inc., as debtor-in-possession (the "Debtor"), filed a petition for relief under Chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101-1532 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division (the "Bankruptcy Court"), Case No. 08-03675-BHL-11.

WHEREAS, from time to time, prior to the Petition Date, the Debtor financed the acquisition or lease of airframes, aircraft engines and related parts through a number of transactions involving Enhanced Equipment Trust Certificate ("EETC") programs pursuant to various transactional documents in which Wilmington Trust Company ("Wilmington Trust" together with the Debtor, the "Parties") acted as trustee, indenture trustee, and subordination agent (the "WTC Documents").

WHEREAS, the WTC Documents include, but are not limited to, a trust indenture, mortgage, assignment of leases, lease (the "Lease") and security and account control agreement, with respect to the aircraft bearing U.S. Registration No. N517AT, including two (2) Rolls Royce Model RB211-535E4 engines bearing, respectively, manufacturer's serial numbers 31448 and 31446 (collectively,

the “Aircraft”).

WHEREAS, Wilmington Trust, not in its individual capacity, but solely in its capacity as lessor, loan trustee, indenture trustee, and subordination agent under the WTC Documents has an interest in the Aircraft and a security interest in and to that certain maintenance reserve account and related sub-accounts, established and maintained pursuant to the WTC Documents, including but not limited to, the Lease (collectively, the “Maintenance Reserve Account”).

WHEREAS, on April 3, 2008, the Debtor filed its First Day Motion under Bankruptcy Code Section 365 for Authority to Reject Certain Aircraft and Spare Engine Leases (Docket No. 7) (the “Aircraft Rejection Motion”) pursuant to which the Debtor sought authority to reject the Lease of the Aircraft, which was granted by order of the Court (Docket No. 141).

WHEREAS, the Debtor has not made the monthly payment due under the Lease of the Aircraft to Wilmington Trust and thus is in default.

WHEREAS, Wilmington Trust has incurred and may continue to incur damages and expenses as a result of the Debtor’s rejection and default under the Lease.

WHEREAS, as a result of the Debtor’s rejection and default of the Lease, Wilmington Trust is entitled to exercise certain rights and remedies with respect to the Maintenance Reserve Account as provided under the WTC Documents.

WHEREAS, on June 10, 2008, Wilmington Trust filed its Motion for Relief from the Automatic Stay to Allow Setoff (Docket No. 512) (the “Lift Stay Motion”).

WHEREAS, San Antonio Aerospace, L.P. (“SAA”) asserted an interest of \$1,182.58 in the Maintenance Reserve Account.

WHEREAS, after good faith, arm’s-length negotiations, and without collusion, the Parties, intending to be legally bound, hereby agree to enter into this Stipulation and Consent Order to allow Wilmington Trust to effectuate its setoff and recoupment rights under the WTC Documents with respect to its interests in the Maintenance Reserve Account.

NOW, THEREFORE, IT IS HEREBY ORDERED, STIPULATED AND AGREED TO by the Parties as follows:

1. Immediately upon entry of the Stipulation and Consent Order and without the need for further notice of any kind, the automatic stay provided under section 362 of the Bankruptcy Code will be and hereby is modified to permit WTC to effectuate and enforce any setoff and recoupment rights it may have under the WTC Documents or applicable law with respect the Maintenance Reserve Account.

2. WTC shall reserve \$1,182.58 in the Maintenance Reserve Account or in another interest bearing escrow account.

3. The respective rights and the priorities of SAA and WTC as to the \$1,182.58 remaining in the Maintenance Reserve Account are hereby reserved and shall be determined upon an order of the Bankruptcy Court in the pending Adversary proceeding captioned *San Antonio Aerospace, L.P. v. ATA Airlines, Inc., Wells Fargo Bank Northwest, N.A., Trustee; International Lease Finance Corp.; U.S. Bank, N.A., Trustee; Wilmington Trust Company, Trustee; Macquarie Air Finance Group; Boeing Capital Corp; Vx Capital Partners, LLC; Jet-I Leasing, LLC; and V10a Investors, LLC*, Adv. Pro. No. 08-50226 or upon an order issued in a similar judicial proceeding with appropriate jurisdiction.

4. The Bankruptcy Court shall retain jurisdiction over the terms and conditions of this stipulation and all matters, claims, rights, or disputes arising from or implementation of this Stipulation and Consent Order.

5. This Stipulation and Consent Order cannot be amended, modified, or superseded except upon written consent of the parties hereto. Oral modifications or amendments are not permitted.

6. This Stipulation and Consent Order shall be binding upon the successors and assigns of the parties hereto and parties in interest in the Debtor's bankruptcy case.

7. This Stipulation and Consent Order may be signed in counterparts, with each part being deemed a part of the original document and may be signed by facsimile or email transmission which signatures shall be treated as original signatures.

Dated: October 10, 2008

Counsel for ATA Airlines, Inc.

*Counsel to Wilmington Trust Company, as
Lessor, Loan Trustee, Indenture Trustee,
and Subordination Agent*

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